

**ROCKVILLE/SPRINGDALE
FIRE PROTECTION DISTRICT**

Year Ended December 31, 2006

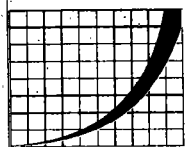
Financial Statements

A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

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SAVAGE ESPLIN & RADMALL, PC

Certified Public Accountants

Independent Auditors' Report

Executive Director and Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the accompanying statement of net assets of Rockville/Springdale Fire Protection District (the District), a component unit of Washington County, as of December 31, 2006 and the related statement of revenues, expenses and changes in net assets and statement of cash flows for the year then ended. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rockville/Springdale Fire Protection District as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Savage Esplin & Radmall PC

Savage, Esplin & Radmall, PC

May 16, 2007

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
2006**

As management of the Rockville/Springdale Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the independent Auditor's report.

History and Background of District

The Rockville/Springdale Fire Protection District was established under state statutes as a Special Service District in 1983 with the authority to levy taxes, assessments and issue bonds to provide fire protection to the incorporated towns of Rockville and Springdale. The District instituted a Standby Fee to be assessed to all property owners in the District to assist in the operating expenditures of the District. In 1995 the District's resolution of creation was amended to add the ability to provide health services. In 2000 the District acquired an ambulance service from the Town of Springdale. At that time, the Town of Springdale instituted a 1% Transient Room Tax and those funds were forwarded to the District to assist with the cost of operating the ambulance service. The Town of Rockville already had a 1% Innkeepers Tax and the council approved forwarding 100% of the tax collected to the District. In September 2006, the District entered into a new agreement with the Town of Springdale whereby only 85% of the 1% Transient Room Tax was forwarded to the District to assist with the cost of operating the ambulance service. Also, the District increased the Standby Fee to developed property by 1/3 to assist with the cost of operating the ambulance service.

The District is controlled by a Five-member Board of Directors. Three are elected at large from the incorporated towns of Rockville and Springdale and two are appointed, one from each town. Board members serve four-year terms.

The District provides fire protection and paramedic ambulance service to the incorporated towns of Rockville (population 250) and Springdale (population 450). The District also has agreements with Zion National Park and the Bureau of Land Management for firefighting assistance and with Zion National Park and the City of Hurricane for ambulance assistance.

As of December 31, 2006, the District currently had six fire fighting vehicles, one ambulance, and one first responder. There were 10 volunteer firefighters, 20 ambulance personnel, a Fire Chief, Fire Captain, EMS Captain and District Clerk.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$789,959 (total net assets). Of this amount, \$172,654 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens.
- The District's total net assets increased by \$15,317.
- At the end of the current fiscal year, unrestricted net assets were \$172,654, or 54 percent of total fund expenditures.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 2006

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Proprietary funds. The District maintains one type of proprietary fund, an enterprise fund. The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also represents certain supplementary information concerning the District budget's actual amounts.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$789,959 at the close of the most recent fiscal year.

Of the District's net assets (54%) reflects its investment in capital assets (e.g., land, building, equipment, and vehicles). The District uses these capital assets to provide services to citizens and the approximate 2,700,000 tourists who visit Zion National Park and the area annually; consequently, these assets are *not* available for future spending.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT'S NET ASSETS

	2006	2005
Current and other assets	221,875	202,927
Restricted assets	189,201	162,691
Capital assets	428,104	451,938
Total assets	<u>839,180</u>	<u>817,556</u>
Accounts payable & accrued liabilities	6,318	1,091
Unearned revenues	42,903	41,823
Total liabilities	<u>49,221</u>	<u>42,914</u>
Invested in capital assets, net of related debt	428,104	451,938
Restricted	189,201	162,691
Unrestricted	172,654	160,013
Total net assets	<u>789,959</u>	<u>774,642</u>

At the end of the current year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior year. There was an increase of \$26,510 in restricted net

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT **MANAGEMENT'S DISCUSSION AND ANALYSIS** **2006**

assets reported in connection with the District's activities. The increase is due to the District's planning for future renewal and replacement of equipment.

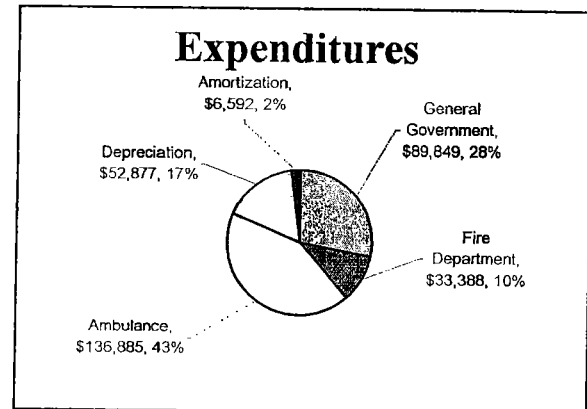
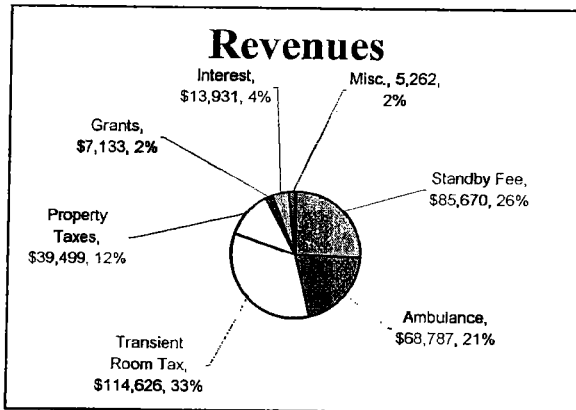
Governmental activities. Key elements of the growth of net assets are as follows:

	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services		
Standby Fee	85,670	84,545
Ambulance	68,787	61,069
Transient Room Tax	114,626	107,350
General revenues:		
Property Taxes	39,499	39,261
Grants	7,133	8,746
Interest	13,931	13,101
Miscellaneous	<u>5,262</u>	<u>3,799</u>
Total revenues	334,908	317,871
Expenses:		
Administration	89,849	78,973
Fire Department	33,388	34,654
Ambulance	136,885	106,475
Depreciation	52,877	51,049
Amortization	6,592	824
Interest Expense	<u>0</u>	<u>4,640</u>
Total expenses	<u>319,591</u>	<u>276,615</u>
Increase in net assets	15,317	41,256
Net assets – Beginning	<u>774,642</u>	<u>733,386</u>
Net assets – Ending	789,959	774,642

- Transient Room Tax revenues increased by \$7,276 (6.78 percent) during the year. Most of this increase is the product of additional motel revenues in the Town of Springdale.
- Charges for ambulance services Increased by \$7,718 (12.64 percent) during the year. The increase is attributable to the ability to bill & collect for the services rendered.
- Administration expenditures increased by \$10,676 (13.77%) during the year. Most of this increase is a result of increased professional fees and wages & benefits.
- Ambulance expenditures increased by \$30,410 (28.56%) during the year. Most of the increase is attributable to increases in supplies & maintenance, professional & technical services and wages & benefits.
- Amortization expense increased due to the write-off of the remaining bond issue costs as a result of the 2005 payoff of the CIB bonds.

Following are graphs that show the percentage break downs of revenues and expenditures:

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT **MANAGEMENT'S DISCUSSION AND ANALYSIS** **2006**



Financial Analysis of the District

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2006, amounts to \$428,104 (net of accumulated depreciation). This investment in capital assets includes land, which is \$85,130. The total decrease in the District's investment in capital assets for the current fiscal year was 5.27%. Major capital asset events during the current fiscal year included the following:

- Purchase of a 1997 Ford Brush Truck for the Fire Department
- Purchases of miscellaneous equipment for the fire department & ambulance services

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT'S **CAPITAL ASSETS**

	<u>2006</u>	<u>2005</u>
Land and improvements	103,049	103,049
Building improvements	245,406	245,406
Furniture and fixtures	4,468	4,468
Vehicles	388,067	374,735
Equipment	226,935	216,935
Accumulated depreciation	(539,821)	(492,655)
Total	<u>428,104</u>	<u>451,938</u>

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
2006**

The District held \$189,201 in reserves at the end of the current fiscal year. The reserve funds are maintained to provide liquid assets for funding repairs and the replacement of outdated equipment of the District. Lack of repairs or replacement of outdated equipment could potentially affect the District's ability to provide service to its residents and tourists and potentially cause danger to its firefighters and/or cause a liability in regards to medical care.

Reserve and Fee Structure

The District's Standby Fee was increased by 1/3 in January of 2000 and property tax rates have not been raised since the District's creation.

Planned Future Capital Improvements

The District is still looking into the construction of a fire substation in Rockville. The present fire station is in Springdale. The board is taking action to modify the current fire house by adding boarding space for EMS personnel who come from out of the area to serve shifts.

Requests for information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rockville/Springdale Fire Protection District, ATTN: District Clerk, P.O. Box 159, Springdale, UT 84767.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Net Assets - Proprietary Fund
As of December 31, 2006

	Enterprise Fund
	Fire Protection &
	<u>Ambulance Service</u>
Assets:	
Current Assets	
Cash	\$ 136,403
Receivables (net of allowance)	22,658
Due from other governments	58,834
Prepaid insurance	3,980
Total Current Assets	221,875
Non-Current Assets	
Restricted cash	189,201
Capital Assets	
Land	85,130
Land Improvements	17,919
Building Improvements	245,406
Furniture and Fixtures	4,468
Equipment	226,935
Vehicles	388,067
Accumulated depreciation	(539,821)
Total Capital Assets	428,104
Other Assets	
Unamortized bond issue costs	0
Total Non-Current Assets	617,305
Total Assets	\$ 839,180
Liabilities:	
Current Liabilities	
Accounts Payable	\$ 3,589
Accrued liabilities	2,729
Unearned revenues	42,903
Total Current Liabilities	49,221
Non-Current Liabilities	
Due within one year	0
Due in more than one year	0
Total Non-Current Liabilities	0
Total Liabilities	\$ 49,221
Net Assets:	
Invested in Capital Assets, net of related debt	\$ 428,104
Restricted for:	
Renewal and Replacement	189,201
Unrestricted	172,654
Total Net Assets	789,959
Total Liabilities and Net Assets	\$ 839,180

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT

(A Component Unit of Washington County, Utah)

Statement of Revenues, Expenses and Changes in

Net Assets - Proprietary Fund

Year Ended December 31, 2006

	Enterprise Fund
	Fire Protection & Ambulance Service
Operating Revenues	
Standby Fees - Fire	\$ 85,670
Charges for Services - Ambulance	68,787
Miscellaneous	<u>5,262</u>
Total Operating Revenues	159,719
Operating Expenses	
Administrative	89,849
Fire Department	33,388
Ambulance Department	136,885
Depreciation	52,877
Amortization	<u>6,592</u>
Total Operating Expenses	<u>319,591</u>
Operating Loss	<u>(159,872)</u>
Non-Operating Revenue/(Expense)	
Property Taxes	39,499
1% Room Tax	114,626
Interest Income	13,931
Grants	<u>7,133</u>
Total Non-Operating Revenue/(Expense)	<u>175,189</u>
Change in Net Assets	15,317
Total Net Assets - Beginning	<u>774,642</u>
Total Net Assets - Ending	<u>\$ 789,959</u>

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Cash Flows
Proprietary Fund
As of December 31, 2006

Cash Flows From Operating Activities	
Cash received from customers, service fees	\$ 162,297
Cash paid to suppliers	(89,610)
Cash paid to employees	<u>(165,285)</u>
Net Cash (Used)/Provided by Operating Activities	(92,598)
 Cash Flows From Noncapital Financing Activities	
Property taxes	35,317
1% Room tax	<u>114,549</u>
Net Cash Provided by Noncapital Financing Activities	149,866
 Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(29,043)
Grants and other contributed capital	<u>7,133</u>
Net Cash Used by Capital and Related Financing Activities	(21,910)
 Cash Flows From Investing Activities	
Interest on investments	<u>13,931</u>
 Net Increase in Cash and Cash Equivalents	49,289
 Cash and cash equivalents at beginning of year	<u>276,315</u>
 Cash and Cash Equivalents at End of Year	<u><u>\$ 325,604</u></u>

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Cash Flows (Continued)
Enterprise Fund
As of December 31, 2006

Reconciliation of operating income to net cash provided by
operating activities:

Net Loss from Operations	\$ (159,872)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	52,877
Amortization	6,592
Changes in operating assets and liabilities:	
(Increase)/Decrease in receivables	1,498
Increase/(Decrease in payables	3,589
Increase/(Decrease) in accrued liabilities	1,638
Increase/(Decrease) in unearned revenues	1,080
Net Cash Used From Operating Activities	<u><u>\$ (92,598)</u></u>

See accompanying notes and accountants' report.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

The accounting and reporting policies of the Rockville/Springdale Fire Protection District (The District) conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

Reporting Entity

The District was organized as a Special Service District pursuant to the provisions of the Utah Special Service District Act, Utah Code Annotated, Sections 11-23-1 to -29 (1953) as amended, and Article XIV, Section 8 of the Utah State Constitution on February 28, 1983, by the Washington County Commission to provide fire protection for the communities of Rockville and Springdale. As of June 1, 2000, the District also began providing ambulance service in accordance with resolutions adopted by Washington County and the Towns of Rockville and Springdale. The accompanying financial statements include all activities of the District, which is a component unit of Washington County. There are not other agencies or component units that should be associated with these financial statements.

Basis of Presentation – Fund Accounting

The accounts of the District are arranged on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The District has only one fund, which is an enterprise fund. The District's operating fund is an enterprise fund because the users are charged a fee for the services provided.

Basis of Accounting

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of financial statements is on major funds rather than on reporting funds by type. Each major fund is presented in a separate column. The only fund of the District is an enterprise fund. Revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred. The District applies all applicable FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by the Board on or before December 31 for the next calendar year in accordance with State law. The operating budget includes proposed

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

expenditures and the proposed sources of financing for such expenditures. Prior to the adoption of the final budget, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. The Enterprise Fund budget is prepared using the accrual basis of accounting.

Encumbrances

The District does not employ encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Compensated Absences

There are no accruals for accumulated sick and vacation, as the District currently does not offer such benefits to any of its employees.

Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the District in three installments in August, December and January. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the District. Taxable values are established by the County Assessor at 55% of the fair market value on primary residential property and 100% of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid. An accrual for uncollected current and prior year's property taxes has been recorded based on subsequent receipts within sixty days of year end and are included in the amount due from other governments on the balance sheet.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors.

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in the operation of the District, along with the associated debt, are included in the District operation fund, which is a proprietary fund.

The assets associated directly with the operation of the Fire District are capitalized at their cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Useful Life</u>
Building and Improvements	40 years
Equipment	5-10 years
Furniture and Fixtures	3-7 years
Vehicles	5-10 years
Land	Not Deprec

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Interest incurred during the construction phase net of interest earnings on invested proceeds is deemed immaterial and has not been included in the capitalized values of assets constructed.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District's capitalization threshold is \$400.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

Revenue

The District defines operating revenues as those revenues that the District receives directly from those people to whom they provide the service. For example, fire standby fees and charges for ambulance service would be considered operating revenues. All other revenues that do not qualify as operating revenues are considered non-operating revenues.

Inventory

The District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Risk Management

The District maintains insurance for general liability, auto liability, employee dishonesty and worker's compensation through the Utah Local Government's Insurance Trust, and Western Surety, respectively.

NOTE 2. Cash and Investments

The District maintains a cash and investment pool that includes one cash account and one investment account, which is available for use by all funds.

The District's deposit and investment policy is to follow the Utah Money Management Act. However, the District does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the District is exposed.

Utah State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize the risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2006

As of December 31, 2006, the District had the following deposits and investments:

<u>Deposits and Investment Type</u>	<u>Fair Value</u>
Cash on Deposit	\$ 28,178
State Treasurer's Investment Pool	<u>314,597</u>
	<u>\$342,775</u>

Interest rate risk. The District manages its exposure to declines in fair value by only investing in the Utah Public Treasurer's Investment Fund.

Credit risk. As of December 31, 2006, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of Credit Risk. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure the District's deposits may not be returned to it. As of December 31, 2006 none of the \$28,178 of deposits was exposed to custodial credit risk.

Custodial Credit Risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

NOTE 3. Receivables

Receivables consisted of the following at December 31, 2006:

Service Receivables - Fire	\$ 4,704
Service Receivables - Ambulance	30,378
Less Allowance	<u>(12,424)</u>
Total	<u><u>\$ 22,658</u></u>

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH

Notes to the Financial Statements

December 31, 2006

NOTE 4. Due From Other Governments

Due from other governments represents \$17,518 property tax revenues due from Washington County, \$41,068 for 1% transient room tax revenue due from the Towns of Springdale and Rockville and \$248 due from the Town of Springdale for Fire Marshall services.

NOTE 5. Fixed Assets

The following table summaries the changes to fixed assets during the year ended December 31, 2006.

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Furniture & Fixtures	\$ 4,468			\$ 4,468
Equipment - District	3,061	2,397		5,458
Equipment - Fire	154,729	9,842		164,571
Equipment - Ambulance	59,145	3,472	(5,710)	56,907
Vehicles - Fire	276,699	13,332		290,031
Vehicles - Ambulance	98,036			98,036
Buildings & Improvements	245,406			245,406
Land	85,130			85,130
Land Improvements	17,919			17,919
Total	\$ 944,593	\$ 29,043	\$ (5,710)	\$ 967,926
Accumulated Depreciation	(492,655)	(52,473)	5,306	(539,822)
Net	\$ 451,938	\$ (23,430)	\$ (404)	\$ 428,104

NOTE 6. Unearned Revenues

Unearned revenues in the amount of \$42,903 represent prepaid fire protection service revenue.

NOTE 7. Reserved and Designated Fund Balances

Reserves and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. The reserved and designated fund balances are as follows:

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

	Balance at
	12/31/06
District Designated for Repair and Replacement	189,201
Total	<u>\$ 189,201</u>

NOTE 8. Contributed Capital

The changes in contributed capital accounts are as follows:

<u>Description</u>	<u>Balance</u> <u>12/31/05</u>	<u>Contributions</u> <u>(Depreciation)</u>	<u>Balance</u> <u>12/31/06</u>
Town of Springdale (a)	\$ 122,614	\$ -	\$ 122,614
Capital Grants (b)	130,565	-	130,565
Other (c)	24,556	-	24,556
Less Depreciation	(195,483)	(37,953)	(233,436)
Net Contributed Capital	<u>\$ 82,252</u>	<u>\$ (37,953)</u>	<u>\$ 44,299</u>

- (a) During 2000, the District received \$50,223 of contributed capital from the Town of Springdale, which represents its ambulance and associated equipment. The District also received \$72,391 in cash contributions from the Town of Springdale that were restricted for the acquisition of vehicles and equipment.
- (b) During 2000, the District received \$121,356 in State grants that were restricted for the purchase of vehicles and equipment. In 2001 and 2002, the District received \$4,347 and \$4,862 respectively, of such grants.
- (c) Previously, the District received \$18,120 in donated equipment from various other entities.

NOTE 9. Contracts

In May 2000, the District and the Town of Springdale entered into a contract whereby the District would provide ambulance services to the Town. In doing so, the Town transferred title and ownership of its ambulance and associated equipment to the District. Subject to the Town's annual budget, Springdale has designated its 1% transient room tax revenues as appropriations for emergency services. In addition, subject to annual budget, the Town had agreed to pay \$20,000 per year for five years to the District. In December of 2002, a final agreement was reached in which the Town would continue to designate its 1% transient room tax revenues to the District and also paid the District \$22,000 as a final payment and settlement for the yearly payments. In September 2006, the contract was amended with the

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2006**

Town of Springdale whereby the District will receive 85% of the Towns 1% transient room tax as appropriations for emergency services. The contract runs through 2008 at which time the District and the Town will renegotiate the terms.

NOTE 10. Dependency

In order to continue quality EMS services the District is dependant on The Town of Springdale to continue to allocate and remit the funds from the 1% transient room tax to the District.

SUPPLEMENTARY DATA

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Supplementary Schedule
Detail of Department Expenditures
Year Ended December 31, 2006

Operating Expenses

Administrative

Office Expense	\$ 5,072
Legal & Professional Fees	6,465
Insurance	12,332
Wages and Taxes	55,467
Travel & Training	387
Building Supplies & Maintenance	3,571
Miscellaneous	1,164
Utilities	5,391

Total Administrative	<u><u>89,849</u></u>
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Fire Department

Insurance	169
Truck Fuel, Repairs & Maintenance	5,799
Miscellaneous	787
Reimbursement Wages	16,494
Uniforms	4,877
Firefighting Supplies	5,262

Total Fire Department	<u><u>33,388</u></u>
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Ambulance Department

Office Expense	520
Education & Training	2,164
Equipment Supplies & Maintenance	12,060
Miscellaneous	50
Outside Paramedics & EMTs	1,266
Professional & Technical Services	8,929
Telephone	279
Travel Reimbursement	1,612
Truck Fuel, Repairs & Maintenance	4,347
Uniforms	386
Wages and Taxes	105,272

Total Ambulance Department	<u><u>\$ 136,885</u></u>
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ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH
Supplementary Information
December 31, 2006

Additional disclosures required by resolution are:

- a. Total billings for the fiscal year ended December 31, 2005 \$84,421
- b. Insurance coverage in effect December 31, 2006:

<u>Type</u>	<u>Policy Number</u>	<u>Effective</u>	<u>Expires</u>	<u>Limits</u>
Coverage with Utah Local Governments Insurance Trust:				
Comprehensive General Liability	13240-GL2006	4/13/2006	4/13/2007	\$ 2,000,000
Automobile Liability	13240-GL2006	4/13/2006	4/13/2007	\$ 2,000,000
Uninsured Motorist	UIM-135	4/13/2006	4/13/2007	\$ 65,000
Underinsured Motorist	UIM-125	4/13/2006	4/13/2007	\$ 50,000
Property Coverage	PX809764	7/1/2006	7/1/2007	\$ 482,680
Employee Blanket Bond	69977355	9/20/2006	9/20/2007	\$ 40,000
Treasurer's Bond	69980791	9/23/2006	9/23/2007	\$ 32,000
Auto PD Coverage	BA900006	7/1/2006	7/1/2007	\$ 358,155

- c. Standby Fee Schedule

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Supplementary Information

December 31, 2006

STANDBY FEE SCHEDULE

RESIDENCE with up to 2 acres of ground.....	\$ 95.76
Less than 1,000 sq. ft. of living space	63.84

UNIMPROVED LAND – Combined contiguous parcels

Less than 2 acres	15.00
2-5 acres	20.04
6-10 acres.....	24.96
11-20 acres.....	30.00
21-50 acres.....	39.96
Over 50 acres	60.00

COMMERCIAL

Buildings with multiple occupancy to be rated at highest use. Home Occupation fees are to be determined by the allowed square footage for use per the Home Occupation conditions.

Class A (high hazard or impact)

Service Stations (no other facility) - \$399.00 plus \$33.25 per pump unit and \$133.00 per propane dispenser per year.

Restaurants, food markets, telecommunications stations, high hazard home occupation, and high hazard manufacturing.

Less than 1,000 sq. ft.	287.28
1,000-2,500 sq. ft.	367.08
2,501-5,000 sq. ft.	606.48
5,001-10,000 sq. ft.	718.20
10,001-15,000 sq. ft.	1,197.00
Over 15,000 sq. ft. is 13 cents per sq. ft.	

Motels - \$200.00 plus \$12.00 per guest room per year.

Class B (moderate hazard)

Gift shops, clothing stores, kitchenless eating places, rock shops, greenhouses, assembly halls with capacity over 100, low hazard manufacturing, and similar activities operating as home occupations.

Less than 750 sq. ft.	175.56
750-2,500 sq. ft.	287.28
2,501-5,000 sq. ft.	414.96
5,001-7,500 sq. ft.	606.48
7,501-10,000 sq. ft.	690.27
10,001-15,000 sq. ft.	929.67
Over 15,000 sq. ft. is 11 cents per sq. ft.	

Bed & Breakfasts - \$150.00 plus \$12.00 per guest room per year.

Class C (lower hazard)

Office space, bank, assembly hall under 100 capacity, art gallery, historical sites, and similar activities operated as home occupations.

Less than 750 sq. ft.	111.72
750-2,500 sq. ft.	239.40
2,501-4,500 sq. ft.	287.28
Over 4,500 sq. ft. is 8 cents per sq. ft.	

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the basic financial statements of Rockville/Springdale Fire Protection District, as of and for the year ended December 31, 2006, and have issued our report thereon dated May 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rockville/Springdale Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockville/Springdale Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies in internal control over financial reporting. See findings 1, 2, & 3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards (Significant Deficiencies, Reportable Instances of
Noncompliance, and Other Matters Identified)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weakness. However, we believe that none of the significant deficiencies described above is a material weakness.

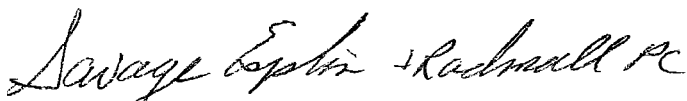
Compliance and other Matters

As part of obtaining reasonable assurance about whether Rockville/Springdale Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Rockville/Springdale Fire Protection District in a separate letter dated May 16, 2007.

Rockville/Springdale Fire Protection District's response to the findings identified in our audit, are described in a separate letter. We did not audit Rockville/Springdale Fire Protection District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the entity, and the Utah State Auditors Office and is not intended to be and should not be used by anyone other than these specified parties.



Savage, Esplin & Radmall, PC
May 16, 2007.

Independent Auditor's Report on State Legal Compliance

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the financial statements of Rockville/Springdale Fire Protection District (the District) for the year ended December 31, 2006, and have issued our report thereon dated May 16, 2007. The District received the following nonmajor grant which is not required to be audited for specific compliance requirements: (However, this program was subject to testwork as part of the audit of the Rockville/Springdale Fire Protection District's financial Statements.)

Bureau of Emergency Medical Services (Department of Health)

Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Compliance Issues

The District did not receive any major State grants during the year ended December 31, 2006.

The management of Rockville/Springdale Fire Protection District is responsible for the District's compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Rockville/Springdale Fire Protection District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

Savage Esplin & Radmall PC

SAVAGE ESPLIN & RADMALL, PC
May 16, 2007

Findings and Recommendations

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

Ladies and Gentlemen:

In planning and performing our audit of the basic financial statements of Rockville/Springdale Fire Protection District for the year ended December 31, 2006, we noted a number of control deficiencies that if improved, would strengthen the District's accounting system and control over its assets. These items are discussed below for your consideration.

Significant Deficiencies

1. Finding - Segregation of Duties - General

The District lacks a complete segregation of duties; although the size of the District's administrative staff prohibits the complete segregation of duties within its accounting functions, we mention proper segregation of duties to remind management of its importance and the need for effective board oversight.

Recommendation

We recommend that management regularly consider ways that segregation of duties and effective board oversight can be achieved within its accounting and administrative functions.

2. Finding – Segregation of Duties – Bank Reconciliations

One of the District's mitigating controls has been board preparation/oversight over bank reconciliations. We noted from inquiry of District personnel that in instances where the Treasurer is not readily available that bank reconciliations are prepared by the District Clerk.

Recommendation

We recommend that the District strengthen its mitigating controls over bank reconciliations and that in all instances someone other than the District Clerk prepare the bank reconciliations.

3. Finding – Anti-Fraud Program and Financial Controls

We noted from inquiry of District personnel that the District anti-fraud program and its financial controls have not been implemented. Management has not discussed the anti-fraud program with district employees and the accompanying manual for management of the anti-fraud program and financial controls had not been used for training purposes.

Recommendation

We recommend that the anti-fraud program and its financial controls be implemented. Management should discuss the anti-fraud program with District employees and use the manual for training purposes.

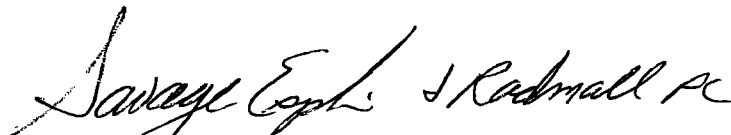
We also recommend that the District develop a monitoring system to determine if the anti-fraud program and its controls are working effectively.

Please respond to the above findings in numerical order so they can be attached with this document and mailed to the State Auditor in accordance with state law.

This report is intended solely for the information and use of the District Board, management, and others with the Utah State Auditor's Office. This restriction is not intended to limit distribution of this report, which is a matter of public record.

It has been a pleasure to be of service to the District this past year. We appreciate the assistance of District personnel in our audit and note their care for the financial records of the District.

Sincerely,

A handwritten signature in cursive script, appearing to read "Savage Esplin & Radmall PC".

Savage, Esplin & Radmall, PC
May 16, 2007



Rockville/Springdale Fire Protection District

P.O. Box 159
Springdale, Utah 84767
Phone: 435-772-3220
Fax: 435-772-0992
Email: rsfpd@infowest.com

June 29, 2007

Savage, Esplin & Radmall, PC
20 N Main, Suite 402
St. George, UT 84770

RE: Reply to Findings and Recommendations Letter for 2006 audit.

Significant Deficiencies

1. Finding – Segregation of Duties - General

The District lacks a complete segregation of duties; although the size of the District's administrative staff prohibits the complete and proper segregation of duties within its accounting functions, we mention proper segregation of duties to remind management of its importance and the need for effective board oversight.

Recommendation

We recommend that management regularly consider ways that segregation of duties and effective board oversight can be achieved within its accounting and administrative functions.

Response

As stated in your letter, the District does not have the administrative staff to properly segregate duties. All expenses are reviewed by at least two board members, and payroll is reviewed annually for wages and salaries, and signed off by a board member before semi-monthly payroll processing. These mitigating controls remain in place until the District has the need for additional staff and can fully segregate custody of assets and recording functions.

2. Finding – Segregation of Duties – Bank Reconciliations

One of the District's mitigating controls has been board preparation/oversight over bank reconciliations. We noted from inquiry of District personnel that in instances where the

Response to Findings and Recommendations

June 29, 2007

Page 2

Treasurer is not readily available that bank reconciliations are prepared by the District Clerk.

Recommendation

We recommend that the District strengthen its mitigating controls over bank reconciliations and that in all instances someone other than the District Clerk prepare the bank reconciliation.

Response

If the Treasurer is not available within a reasonable time to do the bank reconciliations, the Clerk will contact another member of the board to prepare the reconciliations.

3. Finding – Anti-Fraud Program and Financial Controls

We noted from inquiry of District personnel that the District anti-fraud program and its financial controls have not been implemented. Management has not discussed the anti-fraud program with district employees and the accompanying manual for management of the anti-fraud program and financial controls had not been used for training purposes.

Recommendation

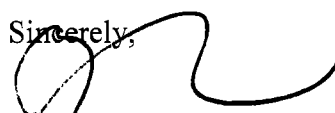
We recommend that the anti-fraud program and its financial controls be implemented. Management should discuss the anti-fraud program with District employees and use the manual for training purposes.

We also recommend that the District develop a monitoring system to determine if the anti-fraud program and its controls are working effectively.

Response

The District's *Manual for Management of Antifraud Programs and Financial Controls* as well as the *Organizational Code of Conduct* have been distributed to management for further distribution to staff. Each manager understands the importance of including these manuals in their scheduled training sessions with staff. Each manager will keep a log of the training dates and subject.

Sincerely,



Jonathan D. Zambella
Chairman